ARF Virtual Town Hall: How is the Coronavirus Impacting the Global Advertising Industry?

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ARF Town Hall: Coronavirus

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Covid-19: a chance to change course?

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We shouldn't be surprised

- Poor planetary health
- Interconnected global supply chains
- Nationalism & Unilateralism
- Low levels of trust in key institutions
Consumer confidence is in free fall

Is now a good or bad time to buy a major household item?

Percent of respondents, 7-day average

Source: Morning Consult online survey 6k adults
Governments are acting, potentially with further headway

Coronavirus Stimulus

$2T

TARP

$440B

ARRA

$830B
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We will reach the other side...

YoY % changes (UK, constant prices)

Source: HM Treasury, ZenithOptimedia
Note: ATL media only
What will win?

Relevance
Agility
Risk taking
Long-term orientation
Consumer trust
Overcoming a crisis takes leadership and cooperation
In any crisis, the rate of change accelerates
Some data from the past
Market share performance typically outperforms for advertisers that have invested through a recession

Market share gains in first 2 years of recovery (% pts)

- Cut Spend: 0.7
- Maintain Spend: 1
- Increase Spend: 1.6

Source: PIMS database analysis
We know that the full impact of advertisements effect is not immediately

Share of sales impact captured by timeframe

- **HOURS/DAYS**
  (via Digital Attribution)
  - 18%

- **WEEKS/MONTHS**
  (via Marketing Mix Modelling)
  - 42%

- **MONTHS/YEARS**
  (via Brand Equity Modelling)
  - 100%

Source: Ebiquity, Thinkbox, Gain Theory
Brand health indicators suffer when spend is cut

Net effect on brand health, 6 months after cutting TV ads

Source: Kantar “COVID-19 Barometer,” March 2020. (Base number of brands analyzed in parentheses.)
Advertising impacts ability to afford a price premium in the market

7 figure media spend

All spend stopped

Price Premium

Price Deterioration
Similar patterns found in earlier studies

- Maintained or increased adspend in 1981-82
- Decreased adspend in 1981-82

Source: McGraw Hill Studies (published in AdAge)
Where does this leave marketers?
“I was asked what I thought about the recession. I thought about it and decided not to take part.”

Sam Walton, Founder of Walmart
Lessons from history: M&S
Become relevant, Pivot
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Find your purpose: ask how can we have an impact?

Dear NHS,

Your hot drinks are on us today, and we'll take 50% of the bill. Thank you for everything.

We look forward to seeing you soon.

With kind regards,

Everyone
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Change your messaging

We’re all in this together. So why don’t all you restaurants out there help each other out and remind everyone that you’re still #OpenForDelivery and taking orders on DoorDash, @ubereats, @postmates, @grubhub, @caviar, or whoever your go-to happens to be!

5:51 PM · Mar 20, 2020 · Twitter Web App

2.7K Retweets 15.3K Likes

DoorDash @DoorDash · Mar 20
Replying to @DoorDash
And our friends up north: @SkipTheDishes + @foodora_ca! 🇨🇦
Entertain
Two parting thoughts...
“This is a moment in society where the private sector has a major role to play.”

John Donahoe, CEO Nike
“The business enterprise has two--and only two--basic functions: marketing and innovation.”

Peter Drucker
Thank you for your time.

About Ebiquity

We are a leading independent marketing and media consultancy

Our focus is on helping brands make better informed marketing investment decisions